

## **Oriola-KD Corporation Stock Exchange Release 1 February 2007 at 8.30 am**

### **Oriola-KD pro forma review 1 January – 31 December 2006**

Oriola-KD Corporation listed on the Helsinki Exchanges on 3 July 2006.

Oriola-KD Corporation was entered in the Trade Register on 1 July 2006 as a result of the demerger of Orion Corporation. Trading in Class A and Class B shares in Oriola-KD Corporation commenced on the main list of the Helsinki Exchanges on 3 July 2006. The General Meeting of Shareholders of the demerged and dissolved Orion Corporation held in Helsinki on 16 October 2006 confirmed the final account of the company and discharged the Board of Directors and the President and CEO of the company from liability for the period of 1 January – 1 July 2006. The assets and liabilities of the demerged company were transferred to the two companies that arose from the demerger on 1 July 2006, the new Orion Corporation and Oriola-KD Corporation.

This pro forma review presents the figures of Oriola-KD Group (hereinafter Oriola-KD) for January–December 2006 according to the businesses and corporate structure following the demerger of Orion Corporation. The comparison figures from 2005 are based on published figures for Orion Corporation's Wholesale and Distribution Division extracted from financial data for Orion Corporation, which have been adapted to correspond to the businesses and structure subsequent to demerger. The figures of Oriola-KD for the period under review have been prepared in accordance with the recognition and valuation principles of the IFRS standards and are unaudited. Oriola-KD Corporation published its interim report for July–December on 1 February 2007.

#### **Key figures**

- Invoicing in the period under review was EUR 2,340.1 million (1-12/2005: EUR 2,392.2 million) and net sales were EUR 1,334.7 million (1-12/2005: EUR 1,330.7 million).
- Operating profit excluding one-off items was EUR 22.6 million (1-12/2005: EUR 25.8 million).
- Operating profit including one-off items was EUR 17.4 million (1-12/2005: EUR 25.8 million).
- Cash flow from operations was EUR 52.7 million (1-12/2005: EUR 39.5 million).
- Return on capital employed was 8.6 percent (1-12/2005 11.8 percent).
- Earnings per share were EUR 0.10 (1-12/2005: EUR 0.12).
- The Board proposes to the AGM that a dividend of EUR 0.06 per share be paid for 2006.

President and CEO Eero Hautaniemi: "Demerger and subsequent operation as an independent listed company have provided Oriola-KD with enhanced opportunities to focus on the development of its core businesses. The cost efficiency programme implemented in 2006 and our revised business structure have allowed us to introduce greater efficiency to our operations and improve our competitiveness. These measures eroded operating profit for 2006. In 2007, we will continue to pursue greater efficiency and active development of our core businesses. More efficient operations together with our strong cash flow, balance sheet and market position further combined with favourable long-term fundamentals in the healthcare market enable business development in line with strategy."

#### **Invoicing and net sales**

Oriola-KD's invoicing in January–December was EUR 2,340.1 million (EUR 2,392.2 million) and net sales were EUR 1,334.7 million (EUR 1,330.7 million). Invoicing in Pharmaceutical Trade decreased by 2.8 percent compared to the previous year, to EUR 2,064.7 million. Invoicing in Healthcare and Dental Trade increased by 3.0 percent compared to the previous year, to EUR 275.4 million.

Fourth-quarter invoicing came to EUR 603.0 million (EUR 619.2 million) and net sales to EUR 343.7 million (EUR 347.0 million).

### **Financial performance**

Oriola-KD's operating profit in the period excluding one-off items was EUR 22.6 million (EUR 25.8 million) and profit after financial income and expenses, excluding one-off items, was EUR 23.6 million (EUR 25.7 million). Oriola-KD's operating profit excluding one-off items decreased from the previous year, mainly as a consequence of the weakened profitability of the Pharmaceutical Trade business segment.

Fourth-quarter operating profit excluding one-off items came to EUR 5.5 million (EUR 6.7 million) while profit after financial income and expenses, excluding one-off items came to EUR 5.9 million (EUR 6.7 million). Low profitability of the pharmaceutical trade particularly in Finland eroded fourth-quarter operating profit from the comparable period in the previous year. New agreements with principals, market growth and the cost efficiency programme implemented are projected to improve comparable operating profit excluding one-off items in 2007.

Oriola-KD's operating profit including one-off items was EUR 17.4 million in the review period (EUR 25.8 million). Profit after financial income and expenses came to EUR 18.4 million (EUR 25.7 million) and net profit to EUR 14.0 million (EUR 18.1 million). One-off items during the period under review amounted to EUR 5.7 million (EUR 0.0 million) consisting of a charge of EUR 1.6 million due to a change in inventory valuation principles, one-off expenses of EUR 3.2 million for the cost efficiency measures and EUR 0.9 million in expenses relating to the demerger. The one-off items in the cost efficiency programme mainly arose from the closures of the offices in Malmö, Kuopio and Seinäjoki and measures to make the management organisation more lean and flat. The demerger expenses were made up of EUR 0.5 million of one-off expenses for pension liabilities and EUR 0.4 million of demerger expenses. In addition, EUR 0.5 million in one-off income was recognised in the fourth quarter for the property sales in Kuopio and Malmö and the decision to close down the Mölnlycke automated packing line. One-off items in the period amounted to EUR -5.2 million.

The costs of Oriola-KD Corporation's 15-person Head Office and Group Administration were EUR 3.8 million while the extracted financial statement information for 2005 contains EUR 1.8 million in Group Administration expenses allocated by the demerged Orion Corporation to Oriola-KD.

Oriola-KD had net financing income of EUR 1.0 million (EUR -0.1 million).

Taxes amounted to EUR 4.4 million (EUR 7.6 million). Taxes corresponding to the result for the period under review are accounted as taxes for 2006. Taxes for 2005 are based on published figures for the Orion Corporation's Wholesale and Distribution Division, which have been extracted from the financial information of the demerged Orion Corporation.

Earnings per share were EUR 0.10 (EUR 0.12). Return on capital employed was 8.6 percent (11.8 percent) and return on equity 7.4 percent (9.8 percent).

### **Balance sheet, financing and cash flow**

Oriola-KD's total assets at 31 December 2006 were EUR 611.2 million (EUR 610.1 million). Interest-bearing net debt amounted to EUR -80.6 million (EUR 10.5 million) and the gearing ratio was -42.0 percent (5.7 percent). Cash assets at the end of December 2006 stood at EUR 112.9 million (EUR 35.0 million). In the balance sheet for 2005, deposits by Orion Corporation's Wholesale and Distribution Division into the Group account of the demerging Orion were treated as other receivables. Interest-bearing debt at year-end 2006 amounted to EUR 32.3 million and consisted mainly of pharmacies' advance payments in Finland.

Oriola-KD has credit facilities of EUR 25.4 million with banks and a commercial paper programme of EUR 100.0 million, which remained untapped at the end of the period under review. Oriola-KD did not have significant business transactions with the circle of related parties with the exception of pension contributions related to defined benefit plans to the Oriola Pension Fund. Additional information can be found from the notes of the financial statement section 22 commitments and contingencies and section 25 related party transactions. Additional information of the liabilities to the group companies and contingencies and guarantees on behalf of the group companies is presented in the notes of the financial statement of Oriola-KD Corporation.

Cash flow from operations in the period was EUR 52.7 million (EUR 39.5 million), of which changes in working capital accounted for EUR 25.9 million (EUR 4.4 million). Cash flow from investments was EUR -10.2 million (EUR -7.1 million). Cash flow after investments in the period was EUR 42.5 million (EUR 32.4 million). Oriola-KD had an equity ratio of 33.1 percent (32.1 percent).

### **Investments**

Investments in the period under review amounted to EUR 16.6 million (EUR 9.8 million). They consisted mainly of the purchases of Meteko Instrument AB and the minority shares in Kronans Droghandel AB as well as maintenance investments.

Oriola-KD increased its shareholding in the Swedish Kronans Droghandel AB in August 2006 from 69.39 percent to 82.96 percent by acquiring the minority holdings of Pfizer AB and Pfizer Health AB. In November 2006, Oriola-KD further increased its holding in Kronans Droghandel AB from 82.96 percent to 85.62 percent by acquiring the minority holding of Astra Arcus AB. Minority interests in KD after the acquisitions at year-end 2006 stood as follows: Merck Sharp & Dohme Sverige AB 12.51 percent and Organon AB 1.87 percent.

### **Personnel**

At the end of the period, Oriola-KD had a total of 1,495 employees (1,530) of whom 57 percent were based in Finland (56 percent), 26 percent in Sweden (30 percent) and 17 percent in the Baltics and Denmark combined (14 percent).

As part of its cost efficiency programme, Oriola-KD closed down the Malmö office in early 2006 and the offices in Seinäjoki and Kuopio in the third quarter. A double shift system was introduced at the Espoo distribution centre in connection with the centralisation of operations in Espoo and Oulu. The transfer of activities was completed by the end of 2006. Reorganisation and efficiency measures in the Oriola-KD group led to the termination of some 150 employees in Finland and Sweden in 2006, which figure includes the downsizing of some 20 persons in the first quarter of 2007. During 2006, approximately 50 employees were added to the Espoo office due to new agreements with principals, the transition to two shifts in distribution and extension of the hours for taking orders in pharmaceutical sales. Establishment of Oriola-KD's new Group Administration involved the addition of 15 employees. Further increases in staffing include some ten persons in pharmacies in the Baltics and twenty in the sales of healthcare equipment, of whom half came as part of the Meteko AB acquisition. The net reduction comes to some 55 employees, which includes the downsizing of roughly 20 persons to be implemented in the first quarter of 2007.

### **Business structure and management**

In early October, Oriola-KD Group reformed the management model of business operations by rationalising organisational structure and strengthening the steering of businesses. As of 3 October 2006, the Group's businesses consist of Pharmaceutical Trade in Finland, Sweden and the Baltic Countries, Pharmacy and Retail Marketing, Healthcare Trade and Dental Trade. The business

segments of Oriola-KD Group 1) Pharmaceutical Trade and 2) Healthcare and Dental Trade will be reported as earlier. The new management model will have no impact on relations with customers or principals. The heads of businesses report to Eero Hautaniemi, President and CEO of Oriola-KD Corporation.

Upon introduction of the new organisation Risto Kanerva, who had been managing director of Oriola and head of the Pharmaceutical Trade business segment at Oriola-KD resigned the company by mutual agreement. Eero Hautaniemi serves as pro tem managing director of Oriola.

Risto Kanerva resigned his seat on the Boards of Oriola Oy and Kronans Droghandel AB (KD). Kimmo Virtanen, CFO of Oriola-KD was elected to replace Kanerva on the Board of Oriola while Henry Haarla, General Counsel of Oriola-KD is proposed to replace Kanerva on the Board of KD. Birgitta Gunneflo was appointed Managing Director of Kronans Droghandel AB as of 4 September 2006.

As of 3 October 2006, the management team of the Oriola-KD Group consists of:

|                     |   |
|---------------------|---|
| Eero Hautaniemi     | President & CEO   |
| Claes von Bonsdorff | CIO   |
| Birgitta Gunneflo   | Vice President, Pharmaceutical Distribution, Sweden                             |
| Henry Haarla        | General Counsel   |
| Pellervo Hämäläinen | Vice President, Communications and IR   |
| Anne Kariniemi      | Vice President, Logistics and Sourcing (as of 15 January 2007)                  |
| Matti Lievonen      | Vice President, Pharmaceutical Distribution, Finland                            |
| Jukka Niemi         | Vice President, Pharmacy and Retail Marketing & Pharmacist Relations in Finland |
| Teija Silver        | Vice President, Human Resources   |
| Senja Tynkkynen     | Vice President, Dental Trade  |
| Ilari Vaalavirta    | Vice President, Healthcare Trade  |
| Kimmo Virtanen      | CFO   |

## **Environment**

Oriola-KD attends to environmental concerns and conforms to the environmental system best suited to its operations. KD has been certified in accordance with the ISO 14000 environmental system. Oriola and KD, whose business operations do not include manufacturing of their own, but for whom transport and the logistics management of large flows of goods are an essential part of operations, have defined the environmental goals appropriate for their operations. The efficiency and economy of distribution are based on a scheduled route network according to which goods deliveries are timed and combined. Deliveries are optimised with information systems developed for this purpose. Deliveries to established customers are packed in recyclable plastic boxes that can be used hundreds of times. Large volumes of goods are delivered in recyclable packaging or on pallets or rolls.

Waste prevention, reuse, sorting and recycling are essential principles of waste management. Pharmaceutical and other hazardous waste is sorted and delivered to a hazardous waste treatment plant for disposal with the methods required by medical and environmental authorities.

## **Risks**

The Board of Directors of Oriola-KD has approved the company's risk management policy in which the operational model, principles, responsibilities and reporting in risk management have been determined. The Group's risk management seeks to identify, measure and manage risks that may threaten the operations of the company and the achievement of goals set for them. Roles and responsibilities relating to risk management have been determined in the Group. Oriola-KD's risk management strategy will be further developed in 2007.

During the period under review, no material changes have occurred in Oriola-KD's strategic and operative risks presented in the company's Prospectus of 16 June 2006.

## **Business segments**

Oriola-KD's operations are divided into two business segments: the Pharmaceutical Trade business segment and the Healthcare and Dental Trade business segment. Both are core businesses for the Group.

### ***Pharmaceutical Trade business segment***

The Pharmaceutical Trade business segment's invoicing in January–December 2006 was EUR 2,064.7 million (EUR 2,124.8 million) and net sales were EUR 1,098.7 million (EUR 1,093.3 million). Operating profit excluding one-off items was EUR 15.6 million (EUR 18.1 million). Fourth-quarter invoicing amounted to EUR 527.7 million (EUR 540.8 million) and operating profit excluding one-off items came to EUR 4.1 million (EUR 4.9 million).

The pharmaceutical market grew by 4.5 percent in Sweden and shrank by 0.4 percent in Finland in 2006 (source: IMS Health). The cut in wholesale prices of prescription drugs at the beginning of 2006 and the exceptionally large purchases of self-medication products by pharmacies towards the end of 2005 depressed the pharmaceutical market in Finland. Higher fuel prices raised distribution costs in both Finland and Sweden in 2006.

Oriola-KD's market share in pharmaceutical distribution in Finland was 41.4 percent (47.4 percent) in December 2006 and 43.2 percent (47.1 percent) in January–December 2006 (source: IMS Health). Oriola-KD's market share in pharmaceutical distribution in Finland was 39.8 percent (40.9 percent) in December 2006 and 41.4 percent (42.1 percent) in January–December 2006 (source: IMS Health).

The cost efficiency programme launched in early 2006 was completed by the end the year. The programme will contribute to improved profitability in the Pharmaceutical Trade business segment in 2007.

Oriola-KD Corporation and pharmaceutical company Schering-Plough agreed on the distribution in Finland of Schering-Plough's human pharmaceuticals as of 1 January 2007. The wholesale value of Schering-Plough's pharmaceuticals in 2006 was ca. EUR 32 million. The company's share of pharmaceutical wholesale in Finland in 2006 came to 1.7 percent (source: IMS Health).

Oriola-KD Corporation and pharmaceutical company Roche concluded in November 2006 an agreement on the distribution of Roche pharmaceuticals in Finland as of 1 January 2007. The company's share of pharmaceutical wholesale in Finland in 2006 came to 3.8 percent (source: IMS Health). Roche is one of the quickest growing companies in the market and is especially strong in the cancer medication market.

Kronans Droghandel AB, part of the Oriola-KD Group, signed in early July 2006 an agreement concerning the distribution of Pfizer AB pharmaceuticals in Sweden. Under the agreement, Oriola-KD will be responsible for the distribution of all Pfizer drugs in Sweden as of the second quarter of 2007. At present, the Group distributes approximately half of Pfizer's portfolio of pharmaceuticals. With a market share of 9.2 percent, Pfizer is the largest pharmaceutical company in the Swedish market (source: IMS Health).

Kronans Droghandel AB and pharmaceutical company Meda concluded an agreement on the distribution of Meda pharmaceuticals such as vaccines and medical technology products in the

Swedish market. The agreement takes effect on 1 January 2007 and remains in force until further notice. Meda holds a 1.2 percent share of the Swedish pharmaceutical market.

The pharmaceutical principals transferring from Oriola-KD in the period under review hold a total combined share of some 2.0 percent of the Swedish pharmaceutical market. Transferring pharmaceutical principals in Sweden: Alpharma, Leo Pharma and Sandoz. Negotiations in Finland in 2006 resulted in no pharmaceutical principals transferring from Oriola-KD.

Negotiations on distribution agreements with pharmaceutical companies are mainly conducted between July and October. Negotiations in 2006 took longer than in previous years and the agreements concluded were mainly for several years' duration. According to the situation at year-end 2006, Oriola-KD's market share in 2007 is estimated at some 46 percent in Finland and approximately 44 percent in Sweden. Negotiations with certain principals remained underway at year-end 2006.

The number of employees within the Pharmaceutical Trade business segment at year-end 2006 was 925 (957).

### ***Healthcare and Dental Trade***

The Healthcare and Dental Trade business segment's invoicing in January–December 2006 was EUR 275.4 million (EUR 267.4 million) and net sales were EUR 236.0 million (EUR 237.5 million). Operating profit excluding one-off items was EUR 10.4 million (EUR 8.8 million). Fourth-quarter invoicing amounted to EUR 75.3 million (EUR 78.4 million) and operating profit excluding one-off items came to EUR 3.1 million (EUR 2.0 million).

Sales of healthcare equipment and supplies developed favourably in 2006. The healthcare logistics services in Sweden, which are part of the Healthcare and Dental Trade business segment, saw unsatisfactory business development, primarily due to the loss of a principal in 2005. The healthcare logistics services in Sweden account for about half of the business segment's invoicing but have no impact on the segment's operating profit. Invoicing and net sales in Dental Trade improved in the latter half of the year but continued to fall short of target.

The Healthcare and Dental Trade business segment had a payroll of 570 (574) employees at the end of the period under review.

### **Board of Directors**

According to the company's corporate governance principles, the Chairman of the Board is elected by the General Meeting of Shareholders. The Vice Chairman is elected by the Board. The Board appoints the President and CEO of Oriola-KD and decides on the terms and conditions of his/her employment. The President and CEO has a six-month period of notice and is entitled to severance pay equal to 12 months' salary.

The demerging Orion Corporation's Annual General Meeting held on 21 March 2006 confirmed that the number of members of the Board of Directors of the Oriola-KD Corporation arising from the demerger was to be set at six. Elected to seats on the Board of Directors for the current term of office were Pauli Kulvik, M.Sc. (Eng.) , MBA; Outi Raitasuo, attorney-at-law; Antti Remes, Honorary Counsellor; Olli Riikkala, M.Sc. (Eng.) , MBA; Jaakko Uotila, president and CEO, Alko Inc.; and Mika Vidgrén, pharmacist. Olli Riikkala was elected Chairman of the Board. Ernst & Young Oy was elected as Oriola-KD Corporation's auditor for the current term of office and has designated Rabbe Nevalainen, Authorised Public Accountant, as principal auditor. Juha Nenonen, Authorised Public Accountant, was elected deputy auditor.

On 28 March 2006, Oriola-KD Corporation's Board of Directors elected from amongst their number Antti Remes as Vice Chairman. The Board of Directors also elected from amongst their number an Audit Committee and Compensation Committee. The members of the committees are as follows:

Audit Committee: Antti Remes (Chairman)  
Outi Raitasuo  
Mika Vidgrén

Compensation Committee:  
Olli Riikkala (Chairman)  
Pauli Kulvik  
Jaakko Uotila

On 17 October 2006, the Board of Oriola-KD Corporation elected the following to serve on the company's Nomination Committee:

Eero Karvonen  
Timo Maasilta  
Antti Remes  
Olli Riikkala  
Harri Sailas  
Jukka Ylppö

Jukka Ylppö was elected Chairman of the Nomination Committee.

Under the Rules of Procedure of the Nomination Committee adopted by the Board, the Committee is a body which has been established by the Board and tasked with preparing and presenting to the Board a recommendation for a proposal to be put before the Annual General Meeting of Shareholders concerning the composition and remuneration of the Board.

The Board has assessed the independence of its members and determined all members to be independent both of the company and of its majority shareholders.

Chairman of the Board of Oriola-KD Corporation Olli Riikkala notified the company in early October that he was unable to take part in the work of the Board until the end of 2006 for reasons of illness. In early 2007 it was announced that Riikkala would remain on sick leave until the end of January 2007. In Mr Riikkala's absence the duties of Chairman of the Board have been assumed by Vice Chairman Antti Remes.

### **Oriola-KD Corporation share**

Oriola-KD Corporation's Class A and Class B shares were admitted to public trading on the Main List of the Helsinki Exchanges on the trading day first following the effective date of demerger, 3 July 2006. Oriola-KD Corporation's GICS-based industry code is 35102010 - Health Care Distributors, and the industry class is Healthcare.

Oriola-KD Corporation's share capital is EUR 147,899,766.14 and the counter book value of the shares is about EUR 1.05. At year-end 2006, the company had a total of 141,257,828 shares, of which there were 56,294,640 Class A shares and 84,963,188 Class B shares.

Oriola-KD shares are divided into two classes of shares: Class A shares entitle to twenty (20) votes each at general meetings of shareholders while each Class B share has one (1) vote. Both classes of shares give shareholders the same rights to Company assets and distribution of dividends.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of Class A shares into Class B shares. During the financial year, a total of 102,900 Class A shares have been converted into Class B shares.

Oriola-KD Corporation held none of its own shares at 31 December 2006. The company's Board of Directors holds no valid authorisation from the General Meeting of Shareholders to acquire or assign treasury shares or undertake any other share issue in accordance with Chapter 9 of the Companies Act or to issue options or other special rights.

In the demerger of Orion Corporation, the demerging company's shareholders received, as demerger consideration, shares in the companies to be formed in proportion to their shareholdings such that for each demerging Orion Corporation Class A share, they received one Oriola-KD Corporation Class A share and one Class A share of the new Orion Corporation and for each demerging Orion Corporation Class B share, they received one Oriola-KD Corporation Class B share and one Class B share of the new Orion Corporation. The Oriola-KD Corporation shares were issued within the book-entry system, and no action was required on the part of the demerging Orion's shareholders in order to obtain the shares.

On 6 September 2006, the American Deccan Value Advisors L.P. informed Oriola-KD Corporation in accordance with Chapter 2, section 9 of the Finnish Securities Market Act that due to share purchases made on 5 September 2006, the holdings of the companies administered by Deccan Value Advisors L.P. represent more than one twentieth (1/20) of the share capital of Oriola-KD Corporation.

In November 2006, the Board of Oriola-KD Corporation decided on a new share incentive scheme for key employees in the Oriola-KD Group. Some twelve key employees are eligible for the scheme. The scheme encourages sustained effort on the part of key employees by strengthening their commitment to the operation and development of the company. Any bonuses are determined on the basis of the development of Oriola-KD's operating profit and return on capital employed (ROCE) in 2007–2009. Bonuses are payable in 2008–2010 in the form of stock, cash or a combination of the two. Except for certain special circumstances, the bonus shares may not be transferred for a period of one year from payment of the bonus. The number of Class B shares included in the scheme may not exceed 650,000. The incentive scheme comprises three earning periods of one year. The Board decides on the target group of the earning period and the bonuses of the key employees in the target group at the beginning of each earning period.

Trading volume of Oriola-KD Corporation Class A and B shares in July–September 2006:

|                             | Class A | Class B |
|-----------------------------|---------|---------|
| Trading volume, million     | 8.1     | 57.7    |
| Trading volume, EUR million | 19.5    | 129.3   |
| High, EUR                   | 3.13    | 3.14    |
| Low, EUR                    | 1.90    | 1.81    |
| Close on 31 Dec 2006, EUR   | 3.13    | 3.11    |

The traded volume of Oriola-KD Corporation's Class A shares in the period under review amounted to 14.3 percent of average outstanding stock while that of Class B shares came to 68.0 percent of average outstanding stock. Traded volume amounted to 46.6 percent of total stock.

Oriola-KD Corporation had a market capitalisation of EUR 440.4 million at 30 December 2006.

**20 largest shareholders of Oriola-KD Corporation in the book-entry system at 31 December 2006 in order of shareholding:**

| Shareholder                                      | Class A<br>shares | Class B<br>shares | % of<br>shares<br>(A&B) | % of votes<br>(A&B) |
|--|-------------------|-------------------|-------------------------|---------------------|
| 1. Orionin Eläkesäätiö                           | 2 765 624         | -                 | 1.96 %                  | 4.57                |
| 2. Oy Etra Ab                                    | 2 329 720         | 86 000            | 1.71 %                  | 3.86                |
| 3. Ilmarinen Mutual Pension Insurance<br>Company | 2 264 256         | 122 836           | 1.69 %                  | 3.75                |
| 4. Varma Mutual Pension Insurance Company        | 2 210 000         | 41 600            | 1.59 %                  | 3.65 %              |
| 5. Avenir Special Mutual Fund Ltd.               | 1 000 000         | 800 000           | 1.27 %                  | 1.72 %              |
| 6. The Social Insurance Institution of Finland   | -                 | 1 659 568         | 1.17 %                  | 0.14 %              |
| 7. Ylppö Jukka Arvo                              | 1 247 136         | 286 992           | 1.09 %                  | 2.08 %              |
| 8. Medical Investment Trust Oy                   | 1 300 000         | 194 950           | 1.06 %                  | 2.16 %              |
| 9. Oriolan Eläkesäätiö (non-voting)              | 863 804           | 305 685           | 0.83 %                  | (1.45 %)            |
| 10. Tukinvest Oy                                 | 1 048 500         | -                 | 0.74 %                  | 1.73 %              |
| 11. Maa- ja Vesitekniiikan Tuki Ry               | 1 034 860         | -                 | 0.73 %                  | 1.71 %              |
| 12. Evli-Select Mutual Fund                      | 400 000           | 575 159           | 0.69 %                  | 0.71 %              |
| 13. The Finnish Cultural Foundation              | 321 946           | 610 220           | 0.66 %                  | 0.58 %              |
| 14. State Pension Fund                           | -                 | 900 000           | 0.64 %                  | 0.07 %              |
| 15. Ylppö Into                                   | 577 936           | 240 200           | 0.58 %                  | 0.97 %              |
| 16. Helsingin Lääkärikeskus Oy                   | 658 230           | -                 | 0.47 %                  | 1.09 %              |
| 17. OP-Delta Equity Fund                         | 79 600            | 567 900           | 0.46 %                  | 0.18 %              |
| 18. Evli Bank Plc                                | -                 | 540 000           | 0.38 %                  | 0.04 %              |
| 19. Relander Gustaf                              | 523 100           | -                 | 0.37 %                  | 0.86 %              |
| 20. Etera Mutual Pension Insurance Company       | 231 100           | 227 400           | 0.32 %                  | 0.40 %              |
| Custodian holdings                               | 3 363 299         | 34 488 839        | 26.87 %                 | 8.42 %              |

**Proposal for distribution of dividend**

Oriola-KD's parent company is Oriola-KD Corporation, of which distributable funds on 31 December 2006 according to balance sheet were EUR 59.7 million. The Board proposes to the AGM that a dividend of EUR 0.06 per share be paid for 2006.

**Annual General Meeting of Shareholders**

The Annual General Meeting of Shareholders of Oriola-KD Corporation will be held on 13 March 2007 starting at 5pm at Helsinki Fair Centre. The Annual General Meeting shall decide on matters referred to in chapter 10 of the By-laws as well as on the proposals by the Board of Directors to empower the Board to decide on the execution of the share based incentive plan for key employees. The proposals by the Board are dealt within the notice to convene annexed to the stock exchange release.

**Publication of Annual Report**

Oriola-KD Corporation will publish its Annual Report for 2006 in the week of 26 January 2007. Printed annual reports will be supplied upon request.

**Events after the period under review**

Subsequent to the period under review, the conversions of a total of 1,872,100 shares have been entered in the Trade Register on 12 January 2007 and 26 January 2007. At the time of publication of this financial statement, the company has 54,422,540 Class A shares and 86,835,288 Class B shares.

The Nomination Committee of Oriola-KD Corporation gave its recommendation on 30 January 2007 to the Board of Directors for the proposal to the Annual General Meeting on 13 March 2007 concerning the composition of the Board of Directors as follows: The number of Board members would be seven (7). As Board members would be re-elected Mr. Pauli Kulvik, Ms. Outi Raitasuo, Mr. Antti Remes, Mr. Olli Riikkala, Mr. Jaakko Uotila and Mr. Mika Vidgrén. As a new member would be elected Mr. Harry Brade. Mr. Olli Riikkala would be re-elected as Chairman of the Board.

Oriola-KD announced to acquire a major part of Finnish based Medith Oy's hospital equipment and supplies marketing business in Finland. The net sales of acquired business in 2006 was about EUR 3 million and operating profit was positive. According to agreement 10 employees from Medith will transfer to Oriola-KD. The agreement is valid as of 5 March 2007.

Oriola-KD announced that Kronans Droghandel Ab made a decision to discontinue automatic packaging operations of pharmaceuticals in Mölnlycke. The packaging line operation is part of Oriola-KD's Pharmaceutical Trade business segment. The discontinuing will take place during second half of 2007 and has no impact on personnel. The invoicing of packaging business in 2006 was about EUR 0.3 million.

### Future outlook

Oriola-KD's outlook for 2007 is based on external market forecasts, agreements with principals, cumulative orders and management's estimates.

Long term fundamentals and growth prospects are deemed favourable. Oriola-KD estimates that the pharmaceutical market in Finland and Sweden will grow by about 3–5 percent annually over the next few years, which is in line with the longer-term average growth rate of these markets.

The overall objective of the cost efficiency measures that were implemented in 2006 is to achieve total savings of some five million euros annually in the Group's operations in Finland and Sweden, with full impact as of 2007. The one-off expenses relating to the cost efficiency measures occurred in 2006.

Oriola-KD estimates that growth in the market for healthcare and dental equipment and supplies will outpace that of the pharmaceutical market in Finland and in Sweden. Oriola-KD projects growth outpacing that of the market in sales of healthcare equipment and supplies and in keeping with the market in dental trade sales. Invoicing in the healthcare logistics services in Sweden is estimated to fall from 2006 levels.

Oriola-KD's invoicing in 2007 is projected to exceed comparable invoicing in the previous year primarily as a result of new agreements with principals concluded in 2006 and market growth. Operating profit excluding one-off items in 2007 is projected to exceed comparable operating profit in the previous year primarily as a result of higher invoicing and cost efficiency measures implemented in 2006.

### Tables

| <b>Income Statement, EUR<br/>million</b> | <b>1.1.-31.12.2006</b> | <b>1.1.-31.12.2005</b> | <b>1.10.-31.12.2006</b> | <b>1.10.-31.12.2005</b> |
|--|------------------------|------------------------|-------------------------|-------------------------|
| <b>Net sales</b>                         | 1334.7                 | 1330.7                 | 343.7                   | 346.9                   |
| Cost of goods sold                       | -1195.4                | -1187.7                | -306.7                  | -309.4                  |
| <b>Gross profit</b>                      | 139.2                  | 143.0                  | 37.0                    | 37.5                    |
| Other operating income                   | 4.0                    | 1.7                    | 2.7                     | 0.4                     |
| Selling and distribution expenses        | -105.5                 | -103.6                 | -28.2                   | -28.1                   |

|                               |       |       |      |      |
|-------------------------------|-------|-------|------|------|
| Administrative expenses       | -20.3 | -15.4 | -6.1 | -3.2 |
| <b>Operating profit</b>       | 17.4  | 25.8  | 5.3  | 6.7  |
| Financial income and expenses | 1.0   | -0.1  | 0.3  | 0.0  |
| <b>Profit before taxes</b>    | 18.4  | 25.7  | 5.7  | 6.7  |
| Tax expense*)                 | -4.4  | -7.6  | -1.1 | -0.6 |
| <b>Profit for the period</b>  | 14.0  | 18.1  | 4.6  | 6.1  |

of which available for:

|                             |      |      |     |     |
|-----------------------------|------|------|-----|-----|
| Parent company shareholders | 13.6 | 17.1 | 4.5 | 6.1 |
| Minority interest           | 0.5  | 1.0  | 0.1 | 0.0 |

Earnings per share:

|              |      |      |      |      |
|--------------|------|------|------|------|
| - Basic, EUR | 0.10 | 0.12 | 0.03 | 0.04 |
|--------------|------|------|------|------|

\*) The tax expense for the period 2006 has been calculated as the proportional share of the total estimated taxes for the financial year. The tax expense for 2005 are based on published figures for Orion Corporation's Wholesale and Distribution Division extracted from financial data for Orion Corporation.

| <b>Income statement excluding one-off items, EUR million</b> | <b>1.1.-31.12.2006</b> | <b>1.1.-31.12.2005</b> | <b>1.10.-31.12.2006</b> | <b>1.10.-31.12.2005</b> |
|--|------------------------|------------------------|-------------------------|-------------------------|
| <b>Net Sales</b>   | 1334.7                 | 1330.7                 | 343.7                   | 346.9                   |
| Cost of goods sold   | -1193.8                | -1187.7                | -306.7                  | -309.4                  |
| <b>Gross profit</b>  | 140.8                  | 143.0                  | 37.0                    | 37.5                    |
| Other operating income                                       | 1.9                    | 1.7                    | 0.6                     | 0.4                     |
| Selling and distribution expenses                            | -102.3                 | -103.6                 | -26.6                   | -28.1                   |
| Administrative expenses                                      | -17.9                  | -15.4                  | -5.5                    | -3.2                    |
| <b>Operating profit</b>                                      | 22.6                   | 25.8                   | 5.5                     | 6.7                     |
| Financial income and expenses                                | 1.0                    | -0.1                   | 0.3                     | 0.0                     |
| <b>Profit before taxes</b>                                   | 23.6                   | 25.7                   | 5.9                     | 6.7                     |

| <b>Balance sheet, EUR million</b> | <b>31.12.2006</b> | <b>31.12.2005</b> |
|-----------------------------------|-------------------|-------------------|
|-----------------------------------|-------------------|-------------------|

**Non-current assets**

|  |       |       |
|--|-------|-------|
| Property, plant and equipment                                | 63.3  | 70.1  |
| Goodwill   | 34.7  | 33.7  |
| Other intangible assets                                      | 7.5   | 10.8  |
| Investments in associates and available-for-sale investments | 0.0   | 0.0   |
| Other non-current receivables                                | 10.0  | 13.1  |
| Deferred tax assets  | 0.0   | 1.2   |
| <b>Non-current assets total</b>                              | 115.6 | 129.0 |

**Current assets**

|                             |              |              |
|-----------------------------|--------------|--------------|
| Inventories                 | 181.0        | 182.7        |
| Trade and other receivables | 201.8        | 263.6        |
| Cash and cash equivalents   | 112.9        | 35.0         |
| <b>Current assets total</b> | <b>495.6</b> | <b>481.2</b> |

|                     |              |              |
|---------------------|--------------|--------------|
| <b>ASSETS TOTAL</b> | <b>611.2</b> | <b>610.1</b> |
|---------------------|--------------|--------------|

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| <b>Balance sheet, EUR million</b> | <b>31.12.2006</b> | <b>31.12.2005</b> |
|-----------------------------------|-------------------|-------------------|

**Non-current liabilities**

|  |             |             |
|--|-------------|-------------|
| Deferred tax liabilities                 | 9.7         | 13.3        |
| Pension liability                        | 4.1         | 3.5         |
| Provisions                               | 0.0         | 0.1         |
| Interest-bearing non-current liabilities | 0.5         | 15.0        |
| Other non-current liabilities            | 0.4         | 0.0         |
| <b>Non-current liabilities total</b>     | <b>14.8</b> | <b>31.8</b> |

**Current liabilities**

|  |              |              |
|--|--------------|--------------|
| Trade payables and other current liabilities | 370.9        | 360.8        |
| Provisions                                   | 1.9          | 0.7          |
| Interest-bearing current liabilities         | 31.8         | 30.5         |
| <b>Current liabilities total</b>             | <b>404.6</b> | <b>392.0</b> |

**Net assets**

|   |              |              |
|---|--------------|--------------|
| Minority interest                             | 8.5          | 17.2         |
| Net assets of the parent company shareholders | 183.2        | 169.1        |
| <b>Net assets total</b>                       | <b>191.8</b> | <b>186.3</b> |

**LIABILITIES AND NET ASSETS TOTAL**

|              |              |
|--------------|--------------|
| <b>611.2</b> | <b>610.1</b> |
|--------------|--------------|

The following table presents the capital structure of the Oriola-KD Group at 31 December 2006 and 31 December 2005:

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Capital structure, EUR million</b>                     | <b>31.12.2006</b> | <b>31.12.2005</b> |
| Equity attributable to shareholders of the parent company |                   |                   |
| Share capital   | 36.2              | 36.2              |
| Other funds   | 30.1              | 30.1              |
| Retained earnings   | 116.9             | 102.8             |
| Total   | 183.2             | 169.1             |
| Minority interest   | 8.5               | 17.2              |

|              |       |       |
|--------------|-------|-------|
| <b>Total</b> | 191.8 | 186.3 |
|--------------|-------|-------|

| <b>Cash flow statement, EUR million</b>          | <b>1.1.–31.12.2006</b> | <b>1.1.–31.12.2005</b> |
|--|------------------------|------------------------|
| Operating profit                                 | 17.4                   | 25.8                   |
| Depreciation                                     | 11.7                   | 12.4                   |
| Change in working capital                        | 25.9                   | 4.4                    |
| Cash flow from financial items and taxes         | -6.3                   | -6.0                   |
| Other adjustments                                | 3.9                    | 2.9                    |
| Cash flow from operating activities              | 52.7                   | 39.5                   |
| Cash flow from investing activities              | -10.2                  | -7.1                   |
| Cash flow from financing activities              | 35.1                   | -35.3                  |
| Net change in cash and cash equivalents          | 77.6                   | -2.8                   |
| Cash and cash equivalents at beginning of period | 35.0                   | 38.6                   |
| Foreign exchange difference                      | 0.4                    | -0.8                   |
| Net change in cash and cash equivalents          | 77.6                   | -2.8                   |
| Cash and cash equivalents at end of period       | 112.9                  | 35.0                   |

| <b>Key figures and ratios</b>        | <b>31.12.2006</b> | <b>31.12.2005</b> |
|--------------------------------------|-------------------|-------------------|
| Equity ratio, %                      | 33.1%             | 32.1%             |
| Equity per share, EUR                | 1.30              | 1.23              |
| Return on capital employed (ROCE), % | 8.6%              | 11.8%             |
| Return on equity, %                  | 7.4%              | 9.8%              |
| Net interest bearing debt, Me        | -80.6 Me          | 10.5 Me           |
| Gearing, %                           | -42.0%            | 5.7%              |
| Earnings per share, EUR              | 0.10              | 0.12              |
| Average number of share, tpcs *)     | 141 258           | 137 670           |

\*) In the calculation for the share related key figures of 2006, number of shares at the end of period has been used. In the calculation for the share related key figures of 2005, average number of shares for the period has been used.

Forward contracts and contingent liabilities

|                    | <b>31.12.2006</b> |                            |                            |                                    |
|--------------------|-------------------|----------------------------|----------------------------|------------------------------------|
| <b>EUR million</b> |                   | <b>Positive fair value</b> | <b>Negative fair value</b> | <b>Nominal values of contracts</b> |

|  |     |      |      |
|--|-----|------|------|
| Hedging of a net investment in an independent foreign unit |     | -0.3 | 26.5 |
| Other forward and currency swap contracts                  | 0.0 | 0.0  | 4.6  |

### 31.12.2005

| EUR million  | Positive fair value | Negative fair value | Nominal values of contracts |
|--|---------------------|---------------------|-----------------------------|
| Hedging of a net investment in an independent foreign unit |                     | -0.1                | 29.3                        |
| Other forward and currency swap contracts                  |                     | 0.0                 | 2.4                         |

| EUR million                           | 31.12.2006  | 31.12.2005  |
|---------------------------------------|-------------|-------------|
| <b>Contingent for own liabilities</b> |             |             |
| Guarantees given                      | 4.8         | 3.5         |
| Real-estate mortgages given           | 1.0         | 16.5        |
| Mortgages on company assets           | 22.9        | 71.3        |
| Other guarantees and liabilities      | 2.5         | 0.0         |
| <b>Total</b>                          | <b>31.2</b> | <b>91.3</b> |

### Contingent for liabilities of other parties

|  |     |     |
|--|-----|-----|
| Guarantees given on behalf of external parties | 0.0 | 0.1 |
| Leasing-liabilities (operating liabilities)    | 0.6 | 0.5 |
| Other guarantees                               | 0.0 | 0.0 |
| Rent contingent                                | 6.5 | 6.2 |

### Invoicing by business segment, EUR million

|                             | 1.1.–31.12.2006 | 1.1.–31.12.2005 |
|-----------------------------|-----------------|-----------------|
| Pharmaceutical Trade        | 2064.7          | 2124.8          |
| Healthcare and Dental Trade | 275.4           | 267.4           |
| <b>Group total</b>          | <b>2340.1</b>   | <b>2392.2</b>   |

### Net sales by business segment, EUR million

|                             | 1.1.–31.12.2006 | 1.1.–31.12.2005 |
|-----------------------------|-----------------|-----------------|
| Pharmaceutical Trade        | 1098.7          | 1093.3          |
| Healthcare and Dental Trade | 236.0           | 237.5           |
| <b>Group total</b>          | <b>1334.7</b>   | <b>1330.7</b>   |

### Operating profit by business segment, EUR million

|                             | 1.1.–31.12.2006 | 1.1.–31.12.2005 |
|-----------------------------|-----------------|-----------------|
| Pharmaceutical Trade        | 13.0            | 18.1            |
| Healthcare and Dental Trade | 8.2             | 8.8             |

|                    |             |             |
|--------------------|-------------|-------------|
| Group items        | -3.8        | -1.1        |
| <b>Group total</b> | <b>17.4</b> | <b>25.8</b> |

|  |       |       |
|--|-------|-------|
| Average number of personnel                  | 1 548 | 1 562 |
| Number of personnel at the end of the period | 1 495 | 1 530 |

**Operating profit by business segment excluding one-off items, EUR million**

|                             | <u>1.1.–31.12.2006</u> | <u>1.1.–31.12.2005</u> |
|-----------------------------|------------------------|------------------------|
| Pharmaceutical Trade        | 15.6                   | 18.1                   |
| Healthcare and Dental Trade | 10.4                   | 8.8                    |
| Group items                 | -3.4                   | -1.1                   |
| <b>Group total</b>          | <b>22.6</b>            | <b>25.8</b>            |

| <b>Invoicing by business segment, EUR million</b> | <b>10-12/2006</b> | <b>7-9/2006</b> | <b>4-6/2006</b> | <b>1-3/2006</b> | <b>10-12/2005</b> | <b>7-9/2005</b> | <b>4-6/2005</b> | <b>1-3/2005</b> |
|---|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pharmaceutical Trade                              | 527.7             | 500.0           | 529.0           | 508.1           | 540.8             | 510.5           | 552.2           | 521.3           |
| Healthcare and Dental Trade                       | 75.3              | 63.0            | 65.7            | 71.3            | 78.4              | 58.0            | 69.4            | 61.6            |
| <b>Group total</b>                                | <b>603.0</b>      | <b>563.0</b>    | <b>594.7</b>    | <b>579.4</b>    | <b>619.2</b>      | <b>568.5</b>    | <b>621.6</b>    | <b>582.9</b>    |

| <b>Net sales by business segment, EUR million</b> | <b>10-12/2006</b> | <b>7-9/2006</b> | <b>4-6/2006</b> | <b>1-3/2006</b> | <b>10-12/2005</b> | <b>7-9/2005</b> | <b>4-6/2005</b> | <b>1-3/2005</b> |
|---|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pharmaceutical Trade                              | 278.6             | 264.9           | 280.2           | 275.0           | 277.6             | 265.3           | 281.3           | 269.2           |
| Healthcare and Dental Trade                       | 65.2              | 54.1            | 55.6            | 61.1            | 69.4              | 52.6            | 61.5            | 54.0            |
| <b>Group total</b>                                | <b>343.7</b>      | <b>319.0</b>    | <b>335.8</b>    | <b>336.1</b>    | <b>347.0</b>      | <b>317.9</b>    | <b>342.8</b>    | <b>323.2</b>    |

| <b>Operating profit by business segment, EUR million</b> | <b>10-12/2006</b> | <b>7-9/2006</b> | <b>4-6/2006</b> | <b>1-3/2006</b> | <b>10-12/2005</b> | <b>7-9/2005</b> | <b>4-6/2005</b> | <b>1-3/2005</b> |
|--|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pharmaceutical Trade                                     | 4.0               | 4.5             | 1.8             | 2.7             | 4.9               | 4.8             | 4.4             | 3.9             |
| Healthcare and Dental Trade                              | 2.9               | 3.2             | 0.9             | 1.2             | 2.0               | 2.6             | 2.4             | 1.8             |
| Group items  | -1.6              | -0.9            | -0.6            | -0.6            | -0.3              | -0.3            | -0.3            | -0.2            |
| <b>Group total</b>                                       | <b>5.3</b>        | <b>6.8</b>      | <b>2.1</b>      | <b>3.3</b>      | <b>6.6</b>        | <b>7.1</b>      | <b>6.5</b>      | <b>5.5</b>      |

| <b>Operating profit by business segment excluding one-off items, EUR million</b> | <b>10-12/2006</b> | <b>7-9/2006</b> | <b>4-6/2006</b> | <b>1-3/2006</b> | <b>10-12/2005</b> | <b>7-9/2005</b> | <b>4-6/2005</b> | <b>1-3/2005</b> |
|--|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Pharmaceutical Trade   | 4.1               | 4.9             | 3.9             | 2.7             | 4.9               | 4.8             | 4.4             | 3.9             |
| Healthcare and Dental Trade  | 3.1               | 3.2             | 1.3             | 2.8             | 2.0               | 2.6             | 2.4             | 1.8             |
| Group items  | -1.7              | -0.9            | -0.6            | -0.2            | -0.3              | -0.3            | -0.3            | -0.2            |
| <b>Group total</b>   | <b>5.5</b>        | <b>7.2</b>      | <b>4.6</b>      | <b>5.3</b>      | <b>6.6</b>        | <b>7.1</b>      | <b>6.5</b>      | <b>5.5</b>      |

| <b>Net sales by market, EUR million</b> | <b>1.1.–31.12.2006</b> | <b>1.1.–31.12.2005</b> |
|---|------------------------|------------------------|
| Finland                                 | 538.6                  | 548.4                  |
| Other Nordic countries                  | 751.4                  | 736.5                  |
| Other Europe                            | 43.2                   | 45.4                   |
| Other countries                         | 1.5                    | 0.4                    |
| <b>Total</b>                            | <b>1334.7</b>          | <b>1330.7</b>          |

| <b>Net sales by market, EUR million</b> | <b>10-12/2006</b> | <b>7-9/2006</b> | <b>4-6/2006</b> | <b>1-3/2006</b> | <b>10-12/2005</b> | <b>7-9/2005</b> | <b>4-6/2005</b> | <b>1-3/2005</b> |
|---|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Finland                                 | 139.5             | 130.7           | 133.5           | 134.9           | 137.8             | 125.5           | 145.2           | 139.9           |
| Other Nordic countries                  | 191.8             | 178.3           | 191.7           | 189.5           | 196.6             | 181.9           | 185.9           | 172.1           |
| Other Europe                            | 12.3              | 9.3             | 10.1            | 11.6            | 12.5              | 10.5            | 11.3            | 11.1            |
| Other countries                         | 0.2               | 0.7             | 0.5             | 0.1             | 0.0               | 0.1             | 0.3             | 0.0             |
| <b>Total</b>                            | <b>343.7</b>      | <b>319.0</b>    | <b>335.8</b>    | <b>336.2</b>    | <b>346.9</b>      | <b>318.0</b>    | <b>342.7</b>    | <b>323.2</b>    |

Espoo, 31 January 2007

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